

STATE OF IOWA

PUBLIC EMPLOYMENT RELATIONS BOARD

BEFORE THE NEUTRAL FACTFINDER, JOHN L. AYERS

In the Matter of:

CEDAR FALLS FIREFIGHTERS, #1366

(Union)

and

CITY OF CEDAR FALLS, IOWA

(City)

PERB NO. CEO #114/2

REPORT OF THE
FACTFINDER

Pursuant to agreement of the parties, hearing in this matter was held on Wednesday, May 19, 2004, in the Cedar Falls Public Library, Second Floor Conference Room. The Union was represented by Rick Sharp and the City by Susan Bernau Staudt. Both parties were afforded full opportunity to present testimony, evidence and argument, and to cross-examine. Based upon the entire record considered as a whole, I make the following Statement of the Issues, Findings, Conclusions and Recommendations.

STATEMENT OF THE ISSUES

There are two impasse items at issue here, wages and insurance. The proposals on these items at fact finding are as follows for this one-year, 2004-2005, contract:

Wages:	<u>Union</u>	<u>City</u>
	<u>Firefighters</u>	
	Step A-D - 0% increase	2% across-the-board
	Step B-D - 2% increase	for all ranks
	Step E - 4% increase	
	<u>Fire Lieutenants</u>	
	7% across-the-board increase	

Union
Rental Housing Inspector
4% increase

City

Insurance:	Maintain 90/10 formula as this appears in the current contract which equals a 2.1% increase in cost to the City.	- Family Plan A employee contribution <u>increase</u> by 17%, from \$108.09 to \$126.47 per Month - Family Plan B employee contribution <u>decrease</u> by 10.8%, from \$23.42 per month to \$20.89 per month - which equals a 2.1% increase in cost to the City.
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FINDINGS

Cedar Falls, Iowa, is located in northeast Iowa, and has a population of 36,145, which includes approximately 12,000 students attending the University of Northern Iowa located there.

This bargaining unit includes 26 firefighters, one shift lieutenant and one part-time Minimum Rental Housing Inspector.

Both parties submitted substantial evidence and testimony to demonstrate that the financial condition of City government is sound; but the City worries that it will face financial difficulties similar to those of state and local governments all across the United States in recent years.

The City has decided to offer promotions to three lieutenants who currently are in the bargaining unit. No unit determination case is presently on file but it is the City's intent to move these jobs outside the bargaining unit, as supervisory. The record is replete with details of these facts and the meaning of these facts as this appears to both sides.

The Union's proposal for a higher wage for more senior members of the bargaining unit rests upon its view that a need exists to assist these employees to more quickly raise salaries in anticipation of retirement. Iowa's pension plan for retiring firefighters calculates pension benefits based upon salary at retirement age. Raising these pension benefits is important enough for the Union to forego a wage increase proposal for newer people.

The City responds to this by projecting an assumed 15-year continuance of an identical "top-loaded" pay rate. This projection reveals an expense of approximately \$345,000 above that which would be required if a constant 2% across-the-board pay increase were in place.

The Union states that bargaining-unit wages here have fallen behind those in bargaining units in the other cities in its comparability group.

The cost of the Union's wage offer is \$34,683.75 (Union Ex. "L"). The cost of the City's wage offer is \$33,271.56 (City Ex. 17 - FY '04 salary cost \$1,663,578 multiplied by the City's 2% offer).

The Union does not provide in this record a comparability-group ranking for the average bargaining unit wage increase for the 2004-2005 year at issue.

Both parties submitted substantial testimony evidence in the matter of comparability groups. The gist of this matter is that the Union's group of 13 cities including Cedar Falls is

based upon population and the City's group of 13 cities is based upon the numbers of employees in the Fire Department(s).

Of particular interest to me are two of the City's exhibits which combine these comparability groups (City Exhibits 8 & 9).

Exhibit 8 shows hourly pay rates at entry, 4-year, 8-year and maximum rates; and the number of years of service required to reach the maximum pay rate. The wealth of data here shows Cedar Falls Firefighters with above-average wages at all hourly rates except at the maximum, where the Cedar Falls rate is at 98% of the maximum. Also shown here is the length of time required to reach top pay which averages 10.9 years and where this length is 7 years in Cedar Falls.

Exhibit 9 displays the wage settlements reached at time of hearing in this same, combined, group. There are 15 of these wage settlements ranging from 2% to 3.57%, and averaging 2.62%.¹

Both parties provide substantial testimony and evidence on the insurance impasse item. The curiosity here is that both proposals carry an identical increase of 2.1% in cost to the City for next year.

The Union wishes to main a 90/10(%) distribution of costs as appears in the current contract. The City proposes the changes set out above. The City believes this change will have a beneficial impact on an important issue in today's modern society.

¹ This exhibit was amended at hearing by notice of the factfinder to show the Ottumwa increase at 2% plus an EMS payment for a 3.57% total base increase as was awarded upon a re-hearing.

Here, as elsewhere, health care costs and health insurance costs have risen, often dramatically. Here the City's proposal would provide a financial disincentive to those whose expenses have cost more and a financial incentive to those whose expenses have cost less.

Hence, the impasse on this item is based upon a combination of economic and other policy concerns which extend far beyond the boundaries of this bargaining unit. All this was submitted to an independent consultant for a recommendation. This recommendation was given in the form of two alternatives, one of which is submitted here by each party.

CONCLUSIONS

These parties placed in the record several citations from the remarks of neutral factfinders and arbitrators over the years (many of these from impasses of these parties), which remarks all emphasize the importance of the use of a stable and reasonable comparability group.

The considerable information on the record regarding the City's plan to move Lieutenants out of the bargaining unit is almost entirely a unit-determination matter which cannot be resolved in an interest impasse. The Union's point that moving them out reduces the City's expenses for the bargaining unit is merely an argument. The Union cannot mean that if the reverse were true, that the City were adding employees, this additional expense should count as a wage increase.

The wages impasse item presents an issue familiar to neutrals on a basic point, the structure of a wage schedule.

Neutrals are reluctant to alter a schedule which the parties, at some point in time, appear to have agreed to. There are so many factors built into structures or schedules that it is virtually impossible for the neutral to know what these all are, quite apart from the neutral's much smaller knowledge, than the parties themselves, of what would work best in a particular workplace. Hence the usual restraint which is also prudent in this case.

It is true that, based upon the City's Exhibit 8 described above, the top pay in Cedar Falls is slightly below average—which militates in favor of the Union's proposed "top-loaded" structured change. However, this exhibit also shows that Cedar Falls Firefighters reach this top pay years earlier than the average length of time required in the combined comparability groups.

The City's Exhibit 9 described above shows an average base wage increase of 2.73% for the combined comparability groups. This is the best figure available on this record. The language of §20.22(9)(c), The Code, 2003, establishes statutory mandates for Arbitrators. It is the better practice for Factfinders to heed this also. This section provides:

9. The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:

a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.

b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving

consideration to factors peculiar to the area and the classifications involved.

c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.

d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

This record does not provide a basis of support for the application of the other provisions of §20.22(9)(c) which would detract from the prominence to be given to subsection b.

That is to say that this record amply demonstrates the ability of the City to pay the percentage wage increase in the combined comparability group within the meaning of the standards set out in subsections (c) and (d) above. Further, with regard to subsection (a), there are only fragments of information in this record on this point.

Accordingly, the average base increase here should be increased by 2.73% across the board.

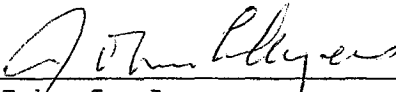
The structural issue is present in the insurance impasse item as well. Here, the City wishes to depart from the formula present in the current contract. Although the record reveals that this formula was imposed by an Arbitration Award, and not by the give-and-take of bargaining, there is insufficient evidence here to persuade me that I know enough about the relationship of these parties on this issue to recommend a departure from their current language, especially when there is no difference between the proposals in the cost to the employer.

Accordingly, the 90/10 formula should remain in place.

RECOMMENDATION

1. The base wage increase should be 2.73%.
2. The insurance impasse item should remain as is in the present agreement at a cost increase to the City of 2.1%.

Dated at Des Moines, Iowa, this 1st day of June, 2004.



John L. Ayers
Impartial Factfinder

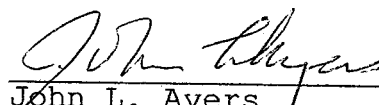
CERTIFICATE OF SERVICE

I certify that on the 1st day of June, 2004, I served the foregoing Award of the Arbitrator upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Rick Sharp
P.O. Box 66
Cedar Falls IA 50613

Susan Bernau Staudt
220 Clay Street
Cedar Falls IA 50613

I further certify that on the 1st day of June, 2004, I will submit this Report for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust, Des Moines, Iowa 50309.



John L. Ayers
Fact Finder

RECEIVED

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DEPT. OF REVENUE
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